

Senate File 209 - Introduced

SENATE FILE 209

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1052)

A BILL FOR

1 An Act relating to public funding and regulatory matters by
2 making appropriations, providing for updated Code references
3 to the Internal Revenue Code, increasing the state earned
4 income tax credit, and including effective date and
5 retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

INTERNAL REVENUE CODE REFERENCES

Section 1. Section 422.3, subsection 5, Code 2011, is amended to read as follows:

5. "*Internal Revenue Code*" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, ~~2008~~ 2011.

Sec. 2. Section 422.7, subsection 29A, Code 2011, is amended by striking the subsection.

Sec. 3. Section 422.9, subsection 2, paragraph i, Code 2011, is amended to read as follows:

i. The deduction for state sales and use taxes is allowable only if the taxpayer elected to deduct the state sales and use taxes in lieu of state income taxes under section 164 of the Internal Revenue Code. A deduction for state sales and use taxes is not allowed if the taxpayer has taken the deduction for state income taxes or claimed the standard deduction under section 63 of the Internal Revenue Code. This paragraph applies to taxable years beginning after December 31, 2003, and before January 1, ~~2006~~ 2008, and to taxable years beginning after December 31, 2009, and before January 1, 2012.

Sec. 4. Section 422.32, subsection 7, Code 2011, is amended to read as follows:

7. "*Internal Revenue Code*" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, ~~2008~~ 2011.

Sec. 5. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 6. RETROACTIVE APPLICABILITY. The following provision or provisions of this division of this Act apply retroactively

1 to January 1, 2010, for tax years beginning on or after that
2 date:

3 1. The section of this Act amending section 422.3.

4 2. The section of this Act amending section 422.32.

5 Sec. 7. RETROACTIVE APPLICABILITY. The following provision
6 or provisions of this division of this Act apply retroactively
7 to January 1, 2011, for tax years beginning on or after that
8 date:

9 1. The section of this Act amending section 422.7,
10 subsection 29A.

11 Sec. 8. RETROACTIVE APPLICABILITY. The following provision
12 or provisions of this division of this Act apply retroactively
13 to tax years beginning on or after January 1, 2006, but before
14 January 1, 2008, and to tax years beginning on or after January
15 1, 2010, but before January 1, 2012:

16 1. The section of this Act amending section 422.9.

17 DIVISION II

18 RESEARCH ACTIVITIES CREDIT

19 Sec. 9. Section 15.335, subsection 4, Code 2011, is amended
20 to read as follows:

21 4. *a.* In lieu of the credit amount computed in subsection
22 2, an eligible business may elect to compute the credit amount
23 for qualified research expenses incurred in this state in a
24 manner consistent with the alternative ~~incremental~~ simplified
25 credit described in section ~~41(c)(4)~~ 41(c)(5) of the Internal
26 Revenue Code. The taxpayer may make this election regardless
27 of the method used for the taxpayer's federal income tax. The
28 election made under this paragraph is for the tax year and the
29 taxpayer may use another or the same method for any subsequent
30 year.

31 *b.* For purposes of the alternate credit computation
32 method in paragraph "a", the credit percentages applicable to
33 qualified research expenses described in ~~clauses (i), (ii),~~
34 ~~and (iii) of section 41(c)(4)(A)~~ 41(c)(5)(A) and clause (ii)
35 of section 41(c)(5)(B) of the Internal Revenue Code are as

1 follows:

2 (1) In the case of an eligible business whose gross revenues
3 do not exceed twenty million dollars per year, the credit
4 percentages are ~~two and fifty-four hundredths percent, three~~
5 ~~and thirty-eight hundredths percent, and four and twenty-three~~
6 ~~hundredths~~ seven percent and three percent, respectively.

7 (2) In the case of an eligible business whose gross revenues
8 exceed twenty million dollars per year, the credit percentages
9 are ~~seventy-six hundredths percent, one and two hundredths~~
10 ~~percent, and one and twenty-seven hundredths~~ two and one-tenth
11 percent and nine-tenths percent, respectively.

12 Sec. 10. Section 15.335, subsection 7, Code 2011, is amended
13 to read as follows:

14 7. a. For purposes of this section, "*base amount*", "*basic*
15 *research payment*", and "*qualified research expense*" mean the
16 same as defined for the federal credit for increasing research
17 activities under section 41 of the Internal Revenue Code,
18 except that for the alternative ~~incremental~~ simplified credit
19 such amounts are for research conducted within this state.

20 b. For purposes of this section, "*Internal Revenue Code*"
21 means the Internal Revenue Code in effect on January 1, 2009
22 2011.

23 Sec. 11. Section 15A.9, subsection 8, paragraphs b, c, and
24 e, Code 2011, are amended to read as follows:

25 b. In lieu of the credit amount computed in paragraph "a",
26 subparagraph (1), subparagraph division (a), a business may
27 elect to compute the credit amount for qualified research
28 expenses incurred in this state within the zone in a manner
29 consistent with the alternative ~~incremental~~ simplified credit
30 described in section ~~41(c)(4)~~ 41(c)(5) of the Internal Revenue
31 Code. The taxpayer may make this election regardless of
32 the method used for the taxpayer's federal income tax. The
33 election made under this paragraph is for the tax year and the
34 taxpayer may use another or the same method for any subsequent
35 year.

1 c. For purposes of the alternate credit computation
2 method in paragraph "b", the credit percentages applicable to
3 qualified research expenses described in ~~clauses (i), (ii), and~~
4 ~~(iii) of section 41(c)(4)(A)~~ 41(c)(5)(A) and clause (ii) of
5 section 41(c)(5)(B) of the Internal Revenue Code are ~~three and~~
6 ~~thirty hundredths percent, four and forty hundredths percent,~~
7 ~~and five and fifty hundredths percent, respectively as follows:~~
8 (1) In the case of an eligible business whose gross revenues
9 do not exceed twenty million dollars per year, the credit
10 percentages are seven percent and three percent, respectively.
11 (2) In the case of an eligible business whose gross revenues
12 exceed twenty million dollars per year, the credit percentages
13 are two and one-tenths percent and nine-tenths percent,
14 respectively.

15 e. (1) For the purposes of this subsection, "*base amount*",
16 "*basic research payment*", and "*qualified research expense*" mean
17 the same as defined for the federal credit for increasing
18 research activities under section 41 of the Internal Revenue
19 Code, except that for the alternative ~~incremental~~ simplified
20 credit such amounts are for research conducted within this
21 state within the zone.

22 (2) For purposes of this subsection, "*Internal Revenue Code*"
23 means the Internal Revenue Code in effect on January 1, 2009
24 2011.

25 Sec. 12. Section 422.10, subsection 1, paragraphs b and c,
26 Code 2011, are amended to read as follows:

27 b. In lieu of the credit amount computed in paragraph "a",
28 subparagraph (1), subparagraph division (a), a taxpayer may
29 elect to compute the credit amount for qualified research
30 expenses incurred in this state in a manner consistent with the
31 alternative ~~incremental~~ simplified credit described in section
32 ~~41(c)(4)~~ 41(c)(5) of the Internal Revenue Code. The taxpayer
33 may make this election regardless of the method used for the
34 taxpayer's federal income tax. The election made under this
35 paragraph is for the tax year and the taxpayer may use another

1 or the same method for any subsequent year.

2 *c.* For purposes of the alternate credit computation
 3 method in paragraph "b", the credit percentages applicable
 4 to qualified research expenses described in ~~clauses (i),~~
 5 ~~(ii), and (iii) of section 41(c)(4)(A)~~ 41(c)(5)(A) and clause
 6 (ii) of section 41(c)(5)(B) of the Internal Revenue Code
 7 ~~are one and sixty-five hundredths percent, two and twenty~~
 8 ~~hundredths percent, and two and seventy-five hundredths~~ four
 9 and fifty-five hundredths percent and one and ninety-five
 10 hundredths percent, respectively.

11 Sec. 13. Section 422.10, subsection 3, Code 2011, is amended
 12 to read as follows:

13 3. *a.* For purposes of this section, "*base amount*", "*basic*
 14 *research payment*", and "*qualified research expense*" mean the
 15 same as defined for the federal credit for increasing research
 16 activities under section 41 of the Internal Revenue Code,
 17 except that for the alternative ~~incremental~~ simplified credit
 18 such amounts are for research conducted within this state.

19 *b.* For purposes of this section, "*Internal Revenue Code*"
 20 means the Internal Revenue Code in effect on January 1, ~~2009~~
 21 2011.

22 Sec. 14. Section 422.33, subsection 5, paragraphs b, c, and
 23 d, Code 2011, are amended to read as follows:

24 *b.* In lieu of the credit amount computed in paragraph
 25 "*a*", subparagraph (1), a corporation may elect to compute the
 26 credit amount for qualified research expenses incurred in this
 27 state in a manner consistent with the alternative ~~incremental~~
 28 simplified credit described in section ~~41(c)(4)~~ 41(c)(5) of the
 29 Internal Revenue Code. The taxpayer may make this election
 30 regardless of the method used for the taxpayer's federal income
 31 tax. The election made under this paragraph is for the tax
 32 year and the taxpayer may use another or the same method for
 33 any subsequent year.

34 *c.* For purposes of the alternate credit computation
 35 method in paragraph "b", the credit percentages applicable

1 to qualified research expenses described in ~~clauses (i),~~
 2 ~~(ii), and (iii) of section 41(c)(4)(A)~~ 41(c)(5)(A) and clause
 3 (ii) of section 41(c)(5)(B) of the Internal Revenue Code
 4 ~~are one and sixty-five hundredths percent, two and twenty~~
 5 ~~hundredths percent, and two and seventy-five hundredths~~ four
 6 and fifty-five hundredths percent and one and ninety-five
 7 hundredths percent, respectively.

8 d. (1) For purposes of this subsection, "*base amount*",
 9 "*basic research payment*", and "*qualified research expense*" mean
 10 the same as defined for the federal credit for increasing
 11 research activities under section 41 of the Internal Revenue
 12 Code, except that for the alternative ~~incremental~~ simplified
 13 credit such amounts are for research conducted within this
 14 state.

15 (2) For purposes of this subsection, "*Internal Revenue Code*"
 16 means the Internal Revenue Code in effect on January 1, ~~2009~~
 17 2011.

18 Sec. 15. EFFECTIVE UPON ENACTMENT. This division of this
 19 Act, being deemed of immediate importance, takes effect upon
 20 enactment.

21 Sec. 16. RETROACTIVE APPLICABILITY. The following
 22 provision or provisions of this division of this Act apply
 23 retroactively to July 1, 2010, for tax credits awarded on or
 24 after that date:

25 1. The section of this Act amending section 15.335,
 26 subsection 4.

27 2. The section of this Act amending section 15A.9.

28 Sec. 17. RETROACTIVE APPLICABILITY. The following
 29 provision or provisions of this division of this Act apply
 30 retroactively to January 1, 2010, for tax years beginning on
 31 or after that date:

32 1. The section of this Act amending section 15.335,
 33 subsection 7.

34 2. The section of this Act amending section 422.10,
 35 subsection 1.

1 3. The section of this Act amending section 422.10,
2 subsection 3.

3 4. The section of this Act amending section 422.33.

4 DIVISION III

5 BONUS DEPRECIATION

6 Sec. 18. Section 422.5, subsection 2, paragraph b,
7 subparagraph (1), Code 2011, is amended to read as follows:

8 (1) Add items of tax preference included in federal
9 alternative minimum taxable income under section 57, except
10 subsections (a)(1), (a)(2), and (a)(5), of the Internal Revenue
11 Code, make the adjustments included in federal alternative
12 minimum taxable income under section 56, except subsections
13 (a)(4), (b)(1)(C)(iii), and (d), of the Internal Revenue Code,
14 and add losses as required by section 58 of the Internal
15 Revenue Code. To the extent that any preference or adjustment
16 is determined by an individual's federal adjusted gross income,
17 the individual's federal adjusted gross income is computed in
18 accordance with section 422.7, ~~subsection~~ subsections 39, 39A,
19 39B, and 53. In the case of an estate or trust, the items of
20 tax preference, adjustments, and losses shall be apportioned
21 between the estate or trust and the beneficiaries in accordance
22 with rules prescribed by the director.

23 Sec. 19. Section 422.7, Code 2011, is amended by adding the
24 following new subsections:

25 NEW SUBSECTION. 39A. The additional first-year
26 depreciation allowance authorized in section 168(k) of the
27 Internal Revenue Code, as enacted by Pub. L. No. 110-185,
28 section 103, Pub. L. No. 111-5, section 1201, Pub. L. No.
29 111-240, section 2022, and Pub. L. No. 111-312, section 401,
30 does not apply in computing net income for state tax purposes
31 for tax years beginning before January 1, 2011. If the
32 taxpayer has taken the additional first-year depreciation
33 allowance for purposes of computing federal adjusted gross
34 income, then the taxpayer shall make the following adjustments
35 to federal adjusted gross income when computing net income for

1 state tax purposes:

2 *a.* Add the total amount of depreciation taken under section
3 168(k) of the Internal Revenue Code for the tax year.

4 *b.* Subtract the amount of depreciation allowable under the
5 modified accelerated cost recovery system described in section
6 168 of the Internal Revenue Code and calculated without regard
7 to section 168(k).

8 *c.* Any other adjustments to gains or losses necessary to
9 reflect the adjustments made in paragraphs "a" and "b". The
10 director shall adopt rules for the administration of this
11 paragraph.

12 NEW SUBSECTION. 39B. The additional first-year
13 depreciation allowance authorized in section 168(n) of the
14 Internal Revenue Code, as enacted by Pub. L. No. 110-343,
15 section 710, does not apply in computing net income for
16 state tax purposes for tax years beginning before January 1,
17 2011. If the taxpayer has taken the additional first-year
18 depreciation allowance for purposes of computing federal
19 adjusted gross income, then the taxpayer shall make the
20 following adjustments to federal adjusted gross income when
21 computing net income for state tax purposes:

22 *a.* Add the total amount of depreciation taken under section
23 168(n) of the Internal Revenue Code for the tax year.

24 *b.* Subtract the amount of depreciation allowable under the
25 modified accelerated cost recovery system described in section
26 168 of the Internal Revenue Code and calculated without regard
27 to section 168(n).

28 *c.* Any other adjustments to gains or losses necessary to
29 reflect the adjustments made in paragraphs "a" and "b". The
30 director shall adopt rules for the administration of this
31 paragraph.

32 Sec. 20. Section 422.7, subsection 53, Code 2011, is amended
33 to read as follows:

34 53. A taxpayer is not allowed to take the increased
35 expensing allowance under section 179 of the Internal Revenue

1 Code, as amended by Pub. L. No. ~~110-185~~ 111-5, section 1202, in
2 computing adjusted gross income for state tax purposes for tax
3 years beginning before January 1, 2011.

4 Sec. 21. Section 422.9, subsection 2, paragraph h, Code
5 2011, is amended to read as follows:

6 h. For purposes of calculating the deductions in this
7 subsection that are authorized under the Internal Revenue Code,
8 and to the extent that any of such deductions is determined by
9 an individual's federal adjusted gross income, the individual's
10 federal adjusted gross income is computed in accordance with
11 section 422.7, ~~subsection~~ subsections 39, 39A, 39B, and 53.

12 Sec. 22. Section 422.35, Code 2011, is amended by adding the
13 following new subsections:

14 NEW SUBSECTION. 19A. The additional first-year
15 depreciation allowance authorized in section 168(k) of the
16 Internal Revenue Code, as enacted by Pub. L. No. 110-185,
17 section 103, Pub. L. No. 111-5, section 1201, Pub. L. No.
18 111-240, section 2022, and Pub. L. No. 111-312, section 401,
19 does not apply in computing net income for state tax purposes
20 for tax years beginning before January 1, 2011. If the
21 taxpayer has taken the additional first-year depreciation
22 allowance for purposes of computing federal taxable income,
23 then the taxpayer shall make the following adjustments to
24 federal taxable income when computing net income for state tax
25 purposes:

26 a. Add the total amount of depreciation taken under section
27 168(k) of the Internal Revenue Code for the tax year.

28 b. Subtract the amount of depreciation allowable under the
29 modified accelerated cost recovery system described in section
30 168 of the Internal Revenue Code and calculated without regard
31 to section 168(k).

32 c. Any other adjustments to gains or losses necessary to
33 reflect the adjustments made in paragraphs "a" and "b". The
34 director shall adopt rules for the administration of this
35 paragraph.

1 NEW SUBSECTION. 19B. The additional first-year
 2 depreciation allowance authorized in section 168(n) of the
 3 Internal Revenue Code, as enacted by Pub. L. No. 110-343,
 4 section 710, does not apply in computing net income for
 5 state tax purposes for tax years beginning before January 1,
 6 2011. If the taxpayer has taken the additional first-year
 7 depreciation allowance for purposes of computing federal
 8 taxable income, then the taxpayer shall make the following
 9 adjustments to federal taxable income when computing net income
 10 for state tax purposes:

11 a. Add the total amount of depreciation taken under section
 12 168(n) of the Internal Revenue Code for the tax year.

13 b. Subtract the amount of depreciation allowable under the
 14 modified accelerated cost recovery system described in section
 15 168 of the Internal Revenue Code and calculated without regard
 16 to section 168(n).

17 c. Any other adjustments to gains or losses necessary to
 18 reflect the adjustments made in paragraphs "a" and "b". The
 19 director shall adopt rules for the administration of this
 20 paragraph.

21 Sec. 23. Section 422.35, subsection 24, Code 2011, is
 22 amended to read as follows:

23 24. A taxpayer is not allowed to take the increased
 24 expensing allowance under section 179 of the Internal Revenue
 25 Code, as amended by Pub. L. No. ~~110-185~~ 111-5, section 1202, in
 26 computing taxable income for state tax purposes for tax years
 27 beginning before January 1, 2011.

28 Sec. 24. EFFECTIVE UPON ENACTMENT. This division of this
 29 Act, being deemed of immediate importance, takes effect upon
 30 enactment.

31 Sec. 25. RETROACTIVE APPLICABILITY. The following
 32 provision or provisions of this division of this Act apply
 33 retroactively to January 1, 2008, for tax years ending on or
 34 after that date:

35 1. The section of this Act amending section 422.5.

1 2. The section of this Act enacting section 422.7, new
2 subsections 39A and 39B.

3 3. The section of this Act amending section 422.9.

4 4. The section of this Act enacting section 422.35, new
5 subsections 19A and 19B.

6 Sec. 26. RETROACTIVE APPLICABILITY. The following
7 provision or provisions of this division of this Act apply
8 retroactively to January 1, 2009, for tax years beginning on or
9 after that date, and before January 1, 2010:

10 1. The section of this Act amending section 422.7,
11 subsection 53.

12 2. The section of this Act amending section 422.35,
13 subsection 24.

14 DIVISION IV

15 EARNED INCOME TAX CREDIT

16 Sec. 27. Section 422.12B, subsection 1, Code 2011, is
17 amended to read as follows:

18 1. The taxes imposed under this division less the credits
19 allowed under section 422.12 shall be reduced by an earned
20 income credit equal to ~~seven~~ ten percent of the federal earned
21 income credit provided in section 32 of the Internal Revenue
22 Code. Any credit in excess of the tax liability is refundable.

23 Sec. 28. RETROACTIVE APPLICABILITY. This division of this
24 Act applies retroactively to January 1, 2011, for tax years
25 beginning on or after that date.

26 DIVISION V

27 SUPPLEMENTAL APPROPRIATIONS

28 Sec. 29. DEPARTMENT OF EDUCATION — COMMUNITY
29 COLLEGES. After applying the reductions made pursuant to 2010
30 Iowa Acts, chapter 1193, section 27, to the appropriations made
31 for the following designated purposes, there is appropriated
32 from the general fund of the state to the department of
33 education for the fiscal year beginning July 1, 2010, and
34 ending June 30, 2011, the following amounts, or so much thereof
35 as is necessary, to supplement the appropriations made for the

1 following designated purposes:

2 1. MERGED AREA I — NORTHEAST IOWA COMMUNITY COLLEGE

3 For general state financial aid for merged area I, in
 4 2010 Iowa Acts, chapter 1183, section 6, subsection 19, and
 5 reflecting a corrective addition of \$4,474 in the overall
 6 amount appropriated for the merged area's general state
 7 financial aid for the fiscal year:

8 \$ 298,883

9 2. MERGED AREA II — NORTH IOWA AREA COMMUNITY COLLEGE

10 For general state financial aid for merged area II, in
 11 2010 Iowa Acts, chapter 1183, section 6, subsection 20, and
 12 reflecting a corrective reduction of \$28,512 in the overall
 13 amount appropriated for the merged area's general state
 14 financial aid for the fiscal year:

15 \$ 286,545

16 3. MERGED AREA III — IOWA LAKES COMMUNITY COLLEGE

17 For general state financial aid for merged area III, in
 18 2010 Iowa Acts, chapter 1183, section 6, subsection 21, and
 19 reflecting a corrective reduction of \$32,233 in the overall
 20 amount appropriated for the merged area's general state
 21 financial aid for the fiscal year:

22 \$ 257,873

23 4. MERGED AREA IV — NORTHWEST COMMUNITY COLLEGE

24 For general state financial aid for merged area IV, in
 25 2010 Iowa Acts, chapter 1183, section 6, subsection 22, and
 26 reflecting a corrective reduction of \$13,939 in the overall
 27 amount appropriated for the merged area's general state
 28 financial aid for the fiscal year:

29 \$ 128,526

30 5. MERGED AREA V — IOWA CENTRAL COMMUNITY COLLEGE

31 For general state financial aid for merged area V, in
 32 2010 Iowa Acts, chapter 1183, section 6, subsection 23, and
 33 reflecting a corrective addition of \$18,745 in the overall
 34 amount appropriated for the merged area's general state
 35 financial aid for the fiscal year:

1 \$ 344,251
 2 6. MERGED AREA VI — IOWA VALLEY COMMUNITY COLLEGE DISTRICT
 3 For general state financial aid for merged area VI, in
 4 2010 Iowa Acts, chapter 1183, section 6, subsection 24, and
 5 reflecting a corrective reduction of \$25,507 in the overall
 6 amount appropriated for the merged area's general state
 7 financial aid for the fiscal year:
 8 \$ 251,942
 9 7. MERGED AREA VII — HAWKEYE COMMUNITY COLLEGE
 10 For general state financial aid for merged area VII, in
 11 2010 Iowa Acts, chapter 1183, section 6, subsection 25, and
 12 reflecting a corrective reduction of \$11,837 in the overall
 13 amount appropriated for the merged area's general state
 14 financial aid for the fiscal year:
 15 \$ 401,298
 16 8. MERGED AREA IX — EASTERN IOWA COMMUNITY COLLEGE
 17 For general state financial aid for merged area IX, in
 18 2010 Iowa Acts, chapter 1183, section 6, subsection 26, and
 19 reflecting a corrective reduction of \$4,921 in the overall
 20 amount appropriated for the merged area's general state
 21 financial aid for the fiscal year:
 22 \$ 508,961
 23 9. MERGED AREA X — KIRKWOOD COMMUNITY COLLEGE
 24 For general state financial aid for merged area X, in
 25 2010 Iowa Acts, chapter 1183, section 6, subsection 27, and
 26 reflecting a corrective addition of \$55,034 in the overall
 27 amount appropriated for the merged area's general state
 28 financial aid for the fiscal year:
 29 \$ 959,044
 30 10. MERGED AREA XI — DES MOINES AREA COMMUNITY COLLEGE
 31 For general state financial aid for merged area XI, in
 32 2010 Iowa Acts, chapter 1183, section 6, subsection 28, and
 33 reflecting a corrective addition of \$106,395 in the overall
 34 amount appropriated for the merged area's general state
 35 financial aid for the fiscal year:

1 \$ 1,016,636
 2 11. MERGED AREA XII — WESTERN IOWA TECH COMMUNITY COLLEGE
 3 For general state financial aid for merged area XII, in
 4 2010 Iowa Acts, chapter 1183, section 6, subsection 29, and
 5 reflecting a corrective reduction of \$8,974 in the overall
 6 amount appropriated for the merged area's general state
 7 financial aid for the fiscal year:
 8 \$ 328,413
 9 12. MERGED AREA XIII — IOWA WESTERN COMMUNITY COLLEGE
 10 For general state financial aid for merged area XIII, in
 11 2010 Iowa Acts, chapter 1183, section 6, subsection 30, and
 12 reflecting a corrective addition of \$9,196 in the overall
 13 amount appropriated for the merged area's general state
 14 financial aid for the fiscal year:
 15 \$ 355,950
 16 13. MERGED AREA XIV — SOUTHWESTERN COMMUNITY COLLEGE
 17 For general state financial aid for merged area XIV, in
 18 2010 Iowa Acts, chapter 1183, section 6, subsection 31, and
 19 reflecting a corrective reduction of \$12,340 in the overall
 20 amount appropriated for the merged area's general state
 21 financial aid for the fiscal year:
 22 \$ 132,279
 23 14. MERGED AREA XV — INDIAN HILLS COMMUNITY COLLEGE
 24 For general state financial aid for merged area XV, in
 25 2010 Iowa Acts, chapter 1183, section 6, subsection 32, and
 26 reflecting a corrective reduction of \$43,717 in the overall
 27 amount appropriated for the merged area's general state
 28 financial aid for the fiscal year:
 29 \$ 409,622
 30 15. MERGED AREA XVI — SOUTHEASTERN COMMUNITY COLLEGE
 31 For general state financial aid for merged area XVI, in
 32 2010 Iowa Acts, chapter 1183, section 6, subsection 33, and
 33 reflecting a corrective reduction of \$11,864 in the overall
 34 amount appropriated for the merged area's general state
 35 financial aid for the fiscal year:

1 \$ 248,098
2 16. For distribution to community colleges to supplement
3 faculty salaries, in 2010 Iowa Acts, chapter 1183, section 8:
4 \$ 20,415
5 Sec. 30. DEPARTMENT OF CORRECTIONS. After applying the
6 reductions made pursuant to 2010 Iowa Acts, chapter 1193,
7 section 27, and any transfers made pursuant to 2010 Iowa Acts,
8 chapter 1193, section 28, to the appropriations made for the
9 following designated purposes, there is appropriated from the
10 general fund of the state to the department of corrections
11 for the fiscal year beginning July 1, 2010, and ending June
12 30, 2011, the following amounts, or so much thereof as is
13 necessary, to supplement the appropriations made for the
14 following designated purposes:
15 1. For the operation of adult correctional institutions in
16 2010 Iowa Acts, chapter 1190, section 3, subsection 1, to be
17 allocated as follows:
18 a. For the operation of the Fort Madison correctional
19 facility in 2010 Iowa Acts, chapter 1190, section 3, subsection
20 1, paragraph "a":
21 \$ 1,920,083
22 b. For the operation of the Anamosa correctional facility
23 in 2010 Iowa Acts, chapter 1190, section 3, subsection 1,
24 paragraph "b":
25 \$ 1,293,060
26 c. For the operation of the Oakdale correctional facility
27 in 2010 Iowa Acts, chapter 1190, section 3, subsection 1,
28 paragraph "c":
29 \$ 2,385,141
30 d. For the operation of the Newton correctional facility
31 in 2010 Iowa Acts, chapter 1190, section 3, subsection 1,
32 paragraph "d":
33 \$ 1,101,460
34 e. For the operation of the Mount Pleasant correctional
35 facility in 2010 Iowa Acts, chapter 1190, section 3, subsection

1 1, paragraph "e":
2 \$ 1,359,865
3 f. For the operation of the Rockwell City correctional
4 facility in 2010 Iowa Acts, chapter 1190, section 3, subsection
5 1, paragraph "f":
6 \$ 412,008
7 g. For the operation of the Clarinda correctional facility
8 in 2010 Iowa Acts, chapter 1190, section 3, subsection 1,
9 paragraph "g":
10 \$ 1,180,617
11 h. For the operation of the Mitchellville correctional
12 facility in 2010 Iowa Acts, chapter 1190, section 3, subsection
13 1, paragraph "h":
14 \$ 504,674
15 i. For the operation of the Fort Dodge correctional facility
16 in 2010 Iowa Acts, chapter 1190, section 3, subsection 1,
17 paragraph "i":
18 \$ 1,162,060
19 2. For general administration in 2010 Iowa Acts, chapter
20 1190, section 4:
21 \$ 110,202
22 3. For the judicial district departments of correctional
23 services in 2010 Iowa Acts, chapter 1190, section 5, subsection
24 1, to be allocated as follows:
25 a. For the first judicial district department of
26 correctional services in 2010 Iowa Acts, chapter 1190, section
27 5, subsection 1, paragraph "a":
28 \$ 393,353
29 b. For the second judicial district department of
30 correctional services in 2010 Iowa Acts, chapter 1190, section
31 5, subsection 1, paragraph "b":
32 \$ 360,912
33 c. For the third judicial district department of
34 correctional services in 2010 Iowa Acts, chapter 1190, section
35 5, subsection 1, paragraph "c":

1 \$ 221,793

2 d. For the fourth judicial district department of

3 correctional services in 2010 Iowa Acts, chapter 1190, section

4 5, subsection 1, paragraph "d":

5 \$ 169,067

6 e. For the fifth judicial district department of

7 correctional services in 2010 Iowa Acts, chapter 1190, section

8 5, subsection 1, paragraph "e":

9 \$ 723,637

10 f. For the sixth judicial district department of

11 correctional services in 2010 Iowa Acts, chapter 1190, section

12 5, subsection 1, paragraph "f":

13 \$ 460,329

14 g. For the seventh judicial district department of

15 correctional services in 2010 Iowa Acts, chapter 1190, section

16 5, subsection 1, paragraph "g":

17 \$ 265,431

18 h. For the eighth judicial district department of

19 correctional services in 2010 Iowa Acts, chapter 1190, section

20 5, subsection 1, paragraph "h":

21 \$ 177,991

22 Sec. 31. STATE PUBLIC DEFENDER. After applying the

23 reductions made pursuant to 2010 Iowa Acts, chapter 1193,

24 section 27, to the appropriations made for the following

25 designated purposes, there is appropriated from the general

26 fund of the state to the office of the state public defender of

27 the department of inspections and appeals for the fiscal year

28 beginning July 1, 2010, and ending June 30, 2011, the following

29 amounts, or so much thereof as is necessary, to supplement the

30 appropriations made for the following designated purposes:

31 1. For the office of the state public defender, in 2010 Iowa

32 Acts, chapter 1190, section 10, subsection 1:

33 \$ 2,551,500

34 2. For the fees of court-appointed attorneys for indigent

35 adults and juveniles, in accordance with section 232.141 and

1 chapter 815, in 2010 Iowa Acts, chapter 1190, section 10,
2 subsection 2:

3 \$ 16,000,000

4 Sec. 32. DEPARTMENT OF PUBLIC SAFETY. After applying the
5 reductions made pursuant to 2010 Iowa Acts, chapter 1193,
6 section 27, and any transfers made pursuant to 2010 Iowa Acts,
7 chapter 1193, section 28, to the appropriations made for the
8 following designated purposes, there is appropriated from
9 the general fund of the state to the department of public
10 safety for the fiscal year beginning July 1, 2010, and ending
11 June 30, 2011, the following amounts, or so much thereof as
12 is necessary, to supplement the appropriations made for the
13 following designated purposes:

14 1. For the department's administrative functions in 2010
15 Iowa Acts, chapter 1190, section 14, subsection 1:

16 \$ 275,000

17 2. For the division of criminal investigation in 2010 Iowa
18 Acts, chapter 1190, section 14, subsection 2:

19 \$ 325,000

20 3. For the division of narcotics enforcement in 2010 Iowa
21 Acts, chapter 1190, section 14, subsection 4, paragraph "a":

22 \$ 225,000

23 4. For the division of state fire marshal in 2010 Iowa Acts,
24 chapter 1190, section 14, subsection 5:

25 \$ 130,000

26 5. For the division of state patrol in 2010 Iowa Acts,
27 chapter 1190, section 14, subsection 6:

28 \$ 2,000,000

29 Sec. 33. DEPARTMENT OF PUBLIC HEALTH. After applying the
30 reductions made pursuant to 2010 Iowa Acts, chapter 1193,
31 section 27, and any transfers made pursuant to 2010 Iowa Acts,
32 chapter 1193, section 28, to the appropriations made for the
33 following designated purposes, there is appropriated from
34 the general fund of the state to the department of public
35 health for the fiscal year beginning July 1, 2010, and ending

1 June 30, 2011, the following amounts, or so much thereof as
 2 is necessary, to supplement the appropriations made for the
 3 following designated purposes:

4 1. For addictive disorders, in 2010 Iowa Acts, chapter 1192,
 5 section 2, subsection 1:

6 \$ 675,896

7 2. For healthy children and families, in 2010 Iowa Acts,
 8 chapter 1192, section 2, subsection 2:

9 \$ 68,192

10 3. For community capacity, in 2010 Iowa Acts, chapter 1192,
 11 section 2, subsection 4:

12 \$ 13,275

13 4. For healthy aging, in 2010 Iowa Acts, chapter 1192,
 14 section 2, subsection 5:

15 \$ 403,500

16 5. For infectious diseases, in 2010 Iowa Acts, chapter 1192,
 17 section 2, subsection 7:

18 \$ 51,688

19 Sec. 34. DEPARTMENT OF HUMAN SERVICES —

20 APPROPRIATIONS. After applying the reductions made pursuant
 21 to 2010 Iowa Acts, chapter 1193, section 27, and any transfers
 22 made pursuant to 2010 Iowa Acts, chapter 1193, section 28, to
 23 the appropriations made for the following designated purposes,
 24 there is appropriated from the general fund of the state to the
 25 department of human services for the fiscal year beginning July
 26 1, 2010, and ending June 30, 2011, the following amounts, or so
 27 much thereof as is necessary, to supplement the appropriations
 28 made for the following designated purposes:

29 1. For the state mental health institute at Cherokee,
 30 in 2010 Iowa Acts, chapter 1192, section 24, subsection 1,
 31 paragraph "a":

32 \$ 784,607

33 2. For the state mental health institute at Clarinda,
 34 in 2010 Iowa Acts, chapter 1192, section 24, subsection 1,
 35 paragraph "b":

1 \$ 623,793

2 3. For the state mental health institute at Independence,
3 in 2010 Iowa Acts, chapter 1192, section 24, subsection 1,
4 paragraph "c":

5 \$ 1,235,916

6 Sec. 35. EFFECTIVE UPON ENACTMENT. This division of this
7 Act, being deemed of immediate importance, takes effect upon
8 enactment.

9 DIVISION VI

10 CORRECTIVE PROVISIONS

11 Sec. 36. 2010 Iowa Acts, chapter 1193, section 199, is
12 amended to read as follows:

13 SEC. 199. TERRACE HILL — GENERAL FUND — DEPARTMENT OF
14 ADMINISTRATIVE SERVICES. There is appropriated from the
15 general fund of the state to the department of administrative
16 services for the fiscal year beginning July 1, ~~2009~~ 2010,
17 and ending June 30, ~~2010~~ 2011, the following amount, or so
18 much thereof as is necessary, to be used for the purposes
19 designated:

20 For salaries, support, maintenance, and miscellaneous
21 purposes necessary for the operation of Terrace Hill, and for
22 not more than the following full-time equivalent positions:

23 \$ 263,329

24 FTEs 6.38

25 Sec. 37. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
26 APPLICABILITY. This division of this Act, being deemed
27 of immediate importance, takes effect upon enactment. The
28 provision amending 2010 Iowa Acts, chapter 1193, section 199,
29 applies retroactively to April 29, 2010.

30 EXPLANATION

31 This bill updates Iowa Code references to the Internal
32 Revenue Code, provides for changes to the Iowa research
33 activities credit, and decouples from certain federal
34 depreciation provisions.

35 Division I of the bill updates references in Code sections

1 422.3 and 422.32 to the Internal Revenue Code, making certain
2 federal income tax revisions enacted by Congress in 2008,
3 2009, and 2010 applicable for purposes of the corporate and
4 individual income taxes and the franchise tax. These revisions
5 only apply to tax years beginning on or after January 1, 2010,
6 and do not include tax years beginning after December 31, 2007,
7 and before January 1, 2010.

8 The division strikes Code section 422.7, subsection 29A,
9 which provided an exclusion from income of the value of health
10 care coverage of a nonqualified tax dependent up to the age
11 of 25. The federal Patient Protection and Affordable Care
12 Act, Pub. L. No. 111-148, provides for the exclusion from
13 income of the value of health care coverage of a nonqualified
14 tax dependent up to the age of 27, effective March 30, 2010.
15 Because the bill now couples Iowa with the Internal Revenue
16 Code with regard to this provision, Code section 422.7,
17 subsection 29A, is no longer necessary for tax years beginning
18 on or after January 1, 2011. This change applies retroactively
19 to that date.

20 Currently, in certain circumstances, Code section
21 422.9(2)(i) provides individuals a deduction from net income
22 (also known as a "below-the-line" deduction) for state sales
23 and use taxes in lieu of a deduction for income taxes. This
24 deduction was only available for taxable years beginning
25 after December 31, 2006, and before January 1, 2006. The
26 division extends this deduction to tax years beginning after
27 December 31, 2003, and before January 1, 2008, and to tax years
28 beginning after December 31, 2009, and before January 1, 2012.

29 Division II of the bill amends certain Code sections
30 relating to the state research activities tax credit for
31 individuals, corporations, corporations in economic development
32 areas, and corporations in quality jobs enterprise zones. The
33 division updates Iowa Code references to the Internal Revenue
34 Code for purposes of coupling with changes to the federal
35 research activities tax credit.

1 The division also makes certain changes relating to the
2 alternative incremental research tax credit. Because this tax
3 credit was repealed for federal tax purposes, the bill removes
4 references to it from the Iowa Code and replaces them with
5 an alternative simplified research tax credit for Iowa tax
6 purposes. The amendments to Code section 15.335, subsection
7 4, and Code section 15A.9 relate to this change and apply
8 retroactively to July 1, 2010, for tax credits awarded on or
9 after that date.

10 The division also makes certain changes in the calculation
11 of the additional research activities credit that depend on
12 whether an eligible business has \$20 million or more in gross
13 revenues. These changes only apply to tax years beginning
14 on or after January 1, 2010, and do not include tax years
15 beginning after December 31, 2008, and before January 1, 2010.

16 Division III of the bill amends certain sections of
17 the individual and corporate income taxes relating to the
18 computation of net income for Iowa income tax purposes (also
19 known as "above-the-line" computation) by decoupling for tax
20 years beginning before January 1, 2011, from the federal
21 accelerated depreciation deductions enacted by Congress
22 as part of the Recovery Rebates and Economic Stimulus for
23 the American People Act of 2008, the American Recovery and
24 Reinvestment Act of 2009, the Small Business Jobs Act of 2010,
25 and the Tax Relief, Unemployment Insurance Authorization
26 and Job Creation Act of 2010. In addition, the division
27 decouples, for tax years beginning before January 1, 2011, from
28 the federal accelerated depreciation deductions for certain
29 disaster assistance property enacted by Congress as part of
30 the Emergency Economic Stabilization, Energy Improvement and
31 Extension, and Tax Extenders and AMT Relief Acts of 2008.
32 These changes are retroactive to January 1, 2008, for tax years
33 ending on or after that date.

34 The division also decouples, for Iowa tax purposes, from the
35 increased expensing allowance under section 179 of the Internal

1 Revenue Code enacted by Congress as part of the American
2 Recovery and Reinvestment Act of 2009 and makes a number of
3 conforming changes. The changes take effect for tax years
4 beginning on or after January 1, 2009, and before January 1,
5 2010.

6 Division IV of the bill increases the amount of the state
7 earned income tax credit from 7 percent to 10 percent of the
8 federal credit. The division applies retroactively to January
9 1, 2011, for tax years beginning on or after that date.

10 Division V of the bill supplements the amounts of
11 appropriations made to certain state agencies. Language is
12 included clarifying that the appropriations are made after
13 applying the appropriation reductions made pursuant to 2010
14 Iowa Acts, chapter 1193, section 27, and any transfer made
15 pursuant to 2010 Iowa Acts, chapter 1193, section 28.

16 Supplemental appropriations are made from the general
17 fund of the state to the department of education for the
18 community colleges in 2010 Iowa Acts, chapter 1183, section
19 6. The appropriation amounts reflect corrective additions and
20 reductions to the overall amounts appropriated for the fiscal
21 year.

22 Supplemental appropriations are made from the general fund
23 of the state for the justice system in 2010 Iowa Acts, chapter
24 1190, to the following departments and agencies: department
25 of corrections institutions and community-based corrections,
26 public defender, and public safety.

27 Supplemental appropriations are made from the general fund
28 of the state for health and human services programs in 2010
29 Iowa Acts, chapter 1192, as follows: department of public
30 health and department of human services.

31 The division takes effect upon enactment.

32 Division VI of the bill provides corrective provisions.

33 An appropriation made in 2010 Iowa Acts, chapter 1193,
34 commonly referred to as the standing appropriations bill, is
35 amended to correct the fiscal year in section 199. This fiscal

1 year for this appropriation, made from the general fund of
2 the state to the department of administrative services for
3 personnel costs at Terrace Hill, is changed from fiscal year
4 2009-2010 to fiscal year 2010-2011.

5 The division is retroactively applicable to the 2010 Iowa
6 Act's effective date of April 29, 2010.

7 Divisions I, II, III, V, and VI of the bill take effect upon
8 enactment.